REMARKS/ARGUMENTS

In the Office Action of September 9, 2003, original Claims 1-73 are rejected under 35 U.S.C. 102(e) as being anticipated by Wonfor et al., U.S. Patent 6,381,747 ("Wonfor et al."); and also rejected under 35 U.S.C. 102(e) as being anticipated by Sims, III, U.S. Patent 6,438,235 ("Sims III").

1. Rejection of Claims 1-73 under 35 U.S.C. 102(b) under Wonfor et al.

Applicant claims various aspects of a method and apparatus for determining the terms upon which audio-visual content is to be distributed to prospective recipients, wherein the terms take into account previously detected unauthorized copying of content by those recipients.

Applicant does not claim a copy protection system. A copy protection system generally prevents the creation of unauthorized (i.e., pirate) copies, or if it doesn't totally prevent such creation, at least degrades any generated copies so that they are unplayable or otherwise substantially diminished in quality and value.

Applicant's invention, rather than preventing the generation of unauthorized copies or the quality of those generated copies, assumes that unauthorized copies have been generated, and adjusts terms for providing content to prospective recipients according to detected levels of unauthorized copying activity by those prospective recipients. See, e.g., page 14, lines 1-16.

Wonfor et al., on the other hand, teaches a copy protection method and system directed towards protecting pay per view ("PPV") and/or pay to tape ("PTT") cable or satellite program transmissions to set top boxes in consumer homes. The set top boxes include a copy protection circuit which is adapted to apply selected anti-copy waveforms to the video signal corresponding to the program material. See, e.g., Abstract. In the event that a subscriber records the PPV protected program via a VCR to obtain a taped copy without authorization, the unauthorized copy will be degraded to the degree that it is un-watchable. See, e.g., Col. 5, lines 50-53.

Wonfor et al. teaches that the set top boxes return usage information to a video service provider's control and billing (tracking) center for billing the subscriber for the PPV or PTT transaction usage. See, e.g., Col. 5, lines 15-24. It does not teach or even suggest, however, that such billing is modified according to any detected levels of unauthorized copying by subscribers. Further, it does not even attempt to detect unauthorized copying activity of other material previously provided to the subscribers since its copy protection system is intended to prevent such activity from occurring in the first place.

In Claim 1, Applicant claims a method for distributing protected material that includes "ascertaining terms for providing a protected material to a prospective recipient according at least in part to information of unauthorized copying of other protected material previously provided to said prospective recipients," (emphasis added) and such element(s) of the claim is neither taught nor suggest by Wonfor et al.

First of all, Wonfor et al. does not teach or suggest ascertaining terms for providing material to a prospective recipient according at least in part to information of unauthorized copying. In particular, there is no teaching or suggestion in Wonfor et al. that terms for a PPV transmission are anything other than a fixed price, as would be expected in such consumer application. Likewise, for a PTT transmission.

Secondly, Wonfor et al. does not teach or suggest the use of information of unauthorized copying of other protected material previously provided to said prospective recipients, let alone its detection. Although Wonfor et al. teaches a mode byte that is sent by the service provider to the set-top box to activate or deactivate the copy protection process (see, e.g., col. 8, lines 52-55), and a mechanism within the set-top box to transmit back the mode byte to make sure that copy protection is not being circumvented (see, e.g. col. 9, lines 12-17), such an indication would only be for the currently transmitted program, presumably so that the current transmission can be immediately stopped. It has nothing to do with detecting other protected material previously provided. Further, there is no teaching or suggestion in Wonfor et al. that information of the mode byte is saved back at the server provider (or anywhere else), and used in a next or subsequent transaction for ascertaining terms for providing the material to the subscriber in that next or subsequent transaction.

As a corollary of the above, Wonfor et al. also neither teaches nor suggests the second part of Claim 1, namely "providing or withholding a copy of said protected material to

said prospective recipient in accordance with said terms," since it does not teach or suggest the ascertaining of such terms as explained above.

Accordingly, Claim 1 is believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. for reasons stated above.

Claims 2-20 are also believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. since they depend from Claim 1, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 1.

Further, Claim 2 includes "obtaining said information of unauthorized copying from a database," and such a database and the obtaining of information from it are neither taught nor suggested by Wonfor et al. Also, Claim 7 includes "embedding an identification of said prospective recipient in said copy prior to providing said copy to said prospective recipient," and such action is neither taught nor suggested by Wonfor et al. It is noted herein that although Wonfor et al. discusses use of a password that a service provider specifies to limit access by its employees to modify copy protection (see, e.g., col. 7 lines 18-67, col. 8, lines 1-8), such a password is not identification of the prospective recipient (i.e., subscriber), nor is it embedded in the copy prior to providing the copy to the respective recipient. Also, Claim 15 includes "determining a price for providing said protected material to said prospective recipient according to a formula and information of unauthorized copying of other protected material previously provided to said prospective material," and such action is neither taught nor suggested by Wonfor et al.

Claim 21 is an apparatus claim paralleling aspects of the method of Claim 1.

Accordingly, Claim 21 is believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. for the same reasons as stated in reference to Claim 1.

Claims 22-40 are also believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. since they depend from Claim 21, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 21, as well as other reasons as stated in reference to Claims 2, 7 and 15, as appropriate.

In Claim 41, Applicant claims a method for generating a database of unauthorized copying of protected material, and Wonfor et al. neither teaches nor suggests the generation or use of such a database. As previously explained, Wonfor et al. does not even detect unauthorized copying activity of other material previously provided to the subscribers since its copy protection system is intended to prevent such activity from occurring in the first place.

Further, Claim 41 includes "detecting at least one identification embedded in a copy of protected material procured from a distribution channel, and storing information of said protected material according to said at least one identification in a database so as to be indicative of unauthorized copying of said protected material" and such actions are neither taught nor suggested by Wonfor et al.

Accordingly, Claim 41 is believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. for the foregoing reasons.

Claim 42-51 are also believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. since they depend from Claim 41, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 41.

Claim 52 is an apparatus claim paralleling aspects of the method of Claim 41.

Accordingly, Claim 52 is believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. for the same reasons as stated in reference to Claim 41.

Claims 53-62 are also believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. since they depend from Claim 52, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 52.

In Claim 63, Applicant claims an apparatus for distributing protected material, comprising: a detection server having a first program for detecting identifications embedded in copies of protected materials procured from at least one distribution channel, and storing information of said protected materials according to said identifications in a database so as to be indicative of unauthorized copying of said protected material; and a distribution server having a second program for ascertaining

terms for providing a protected material to a prospective recipient according at least in part to said information in said database, and providing or withholding a copy of said protected material to said prospective recipient in accordance with said terms.

Wonfor et al., however, neither teaches nor suggests such a detection server for essentially the same reasons as stated in reference to Claim 41, nor does it teach or suggest such a distribution server for essentially the same reasons as stated in reference to Claim 1.

Accordingly, Claim 63 is believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. for at least the same reasons as stated in reference to Claims 41 and 1.

Claims 64-73 are also believed to be patentable under 35 U.S.C. 102(e) over Wonfor et al. since they depend from Claim 63, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 63, as well as other reasons as stated in reference to Claims 7 and 15, as appropriate.

Although it is noted in various places above that Wonfor et al. not only fails to teach the various aspects of the present invention, but also, it fails to suggest such aspects, even if Wonfor et al. did arguably suggest any such aspects, use of Wonfor et al. in a 35 U.S.C. 103(a) rejection would be inappropriate according to 35 U.S.C. 103(c) since the present invention and that of Wonfor et al. was commonly owned at the time the invention was made.

1. **Rejection of Claims 1-73 under 35 U.S.C. 102(b) under Sims III.**

Like Wonfor et al., Sims III also teaches a system and method for providing protection of content. In Sims III, the protected content is stored on a bulk storage media. Protection is provided in this case by a means through which the media is securely identified as being original and a playback device is securely identified as being authorized. As a consequence, devices or users of the media may be assured that interaction therewith is authorized as each end can securely identify the other and each end can securely send data to the other end. See, e.g., col. 3, lines 24-34.

Also like Wonfor et al., Sims III fails to teach or suggest the various aspects of the invention as claimed.

With respect to Claim 1, Sims III fails to teach or suggest "ascertaining terms for providing a protected material to a prospective recipient according at least in part to information of unauthorized copying of other protected material previously provided to said prospective recipients" (emphasis added).

First of all, Sims III does not teach or suggest ascertaining terms for providing material to a prospective recipient according at least in part to information of unauthorized copying. In particular, there is no teaching or suggestion in Sims III that terms for providing its media is anything other than a fixed price, let alone that its pricing or terms are ascertained at least in part to information of unauthorized copying.

As stated in Sims III, "[o]peration of the present invention is not to allow or disallow any particular transmission, but rather to obscure the content (information or data), using cryptographic methods, such that only a legitimate recipient can make use of that data, i.e., nobody but the content owner, or those authorized by him/her, is able to copy protected media content." See, Col. 3, lines 34-40.

Secondly, Sims III does not teach or suggest the use of information of unauthorized copying of other protected material previously provided to said prospective recipients, let alone detection of such information.

As a corollary of the above, Sims III also neither teaches nor suggests the second part of Claim 1, namely "providing or withholding a copy of said protected material to said prospective recipient in accordance with said terms," since it does not teach or suggest the ascertaining of such terms as explained above.

Accordingly, Claim 1 is believed to be patentable under 35 U.S.C. 102(e) over Sims III for reasons stated above.

Claims 2-20 are also believed to be patentable under 35 U.S.C. 102(e) over Sims III since they depend from Claim 1, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 1.

Further, Claim 2 includes "obtaining said information of unauthorized copying from a database," and such a database and the obtaining of information from it are neither taught nor suggested by Sims III. Also, Claim 7 includes "embedding an identification of said prospective recipient in said copy prior to providing said copy to said prospective recipient," and such action is neither taught nor suggested by Sims III. It is noted herein that although Sims III discloses a list of "acceptable users" included on the media, such a list is not an identification of a prospective recipient of the media. The list is instead a list of manufacturer's playback devices that are licensed or authorized to utilize the media. See, e.g., Col. 14, lines 35-40. Unlike the identification of the prospective recipient, such a list is useless for identifying or detecting any unauthorized copying by the prospective recipient. Also, Claim 15 includes "determining a price for providing said protected material to said prospective recipient according to a formula and information of unauthorized copying of other protected material previously provided to said prospective material," and such action is neither taught nor suggested by Sims III.

Claim 21 is an apparatus claim paralleling aspects of the method Claim 1.

Accordingly, Claim 21 is believed to be patentable under 35 U.S.C. 102(e) over Sims III for the same reasons as stated in reference to Claim 1.

Claims 22-40 are also believed to be patentable under 35 U.S.C. 102(e) over Sims III since they depend from Claim 21, and as such, are believed to be patentable for at least

the same reasons as stated in reference to Claim 21, as well as other reasons as stated in reference to Claims 2, 7 and 15, as appropriate.

In Claim 41, Applicant claims a method for generating a database of unauthorized copying of protected material, and Sims III neither teaches nor suggests the generation or use of such a database. Like Wonfor et al., Sims III does not even detect unauthorized copying activity of other material previously provided to the subscribers since its copy protection system is intended to prevent such activity from occurring in the first place.

Further, Claim 41 includes "detecting at least one identification embedded in a copy of protected material procured from a distribution channel, and storing information of said protected material according to said at least one identification in a database so as to be indicative of unauthorized copying of said protected material" and such actions are neither taught nor suggested by Sims III.

Accordingly, Claim 41 is believed to be patentable under 35 U.S.C. 102(e) over Sims III for the foregoing reasons.

Claim 42-51 are also believed to be patentable under 35 U.S.C. 102(e) over Sims III since they depend from Claim 41, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 41.

Claim 52 is an apparatus claim paralleling aspects of the method of Claim 41.

Accordingly, Claim 52 is believed to be patentable under 35 U.S.C. 102(e) over Sims III for the same reasons as stated in reference to Claim 41.

Claims 53-62 are also believed to be patentable under 35 U.S.C. 102(e) over Sims III since they depend from Claim 52, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 52.

In Claim 63, Applicant claims an apparatus for distributing protected material, comprising: a detection server having a first program for detecting identifications embedded in copies of protected materials procured from at least one distribution channel, and storing information of said protected materials according to said identifications in a database so as to be indicative of unauthorized copying of said protected material; and a distribution server having a second program for ascertaining terms for providing a protected material to a prospective recipient according at least in part to said information in said database, and providing or withholding a copy of said protected material to said prospective recipient in accordance with said terms.

Sims III, however, neither teaches nor suggests such a detection server for essentially the same reasons as stated in reference to Claim 41, nor does it teach or suggest such a distribution server for essentially the same reasons as stated in reference to Claim 1.

Accordingly, Claim 63 is believed to be patentable under 35 U.S.C. 102(e) over Sims III for at least the same reasons as stated in reference to Claims 41 and 1.

Claims 64-73 are also believed to be patentable under 35 U.S.C. 102(e) over Sims III since they depend from Claim 63, and as such, are believed to be patentable for at least the same reasons as stated in reference to Claim 63, as well as other reasons as stated in reference to Claims 7 and 15, as appropriate.

Claims 1-73 remain pending in the application. Reconsideration of the rejection of these claims is requested for the reasons stated herein, and notice of their allowance earnestly solicited.

Respectfully submitted,

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